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Frank J. M. C.
Honorable Carl Hayden, Chairman
Committee on Appropriations
United States Senate
Washington 25, D. C.

Dear Senator Hayden:

For your information, I am enclosing a copy of the Agency communication to the President of the Senate dated 14 August 1962. That letter transmitted a legislative proposal to permit the Agency to improve its retirement program for certain limited numbers of employees. Basically, the legislation would permit the Agency to apply to this group of Agency personnel a retirement system similar to that of the Foreign Service.

On 16 August 1962, Mr. Vinson introduced the proposed legislation which is now H. R. 12923. Thereafter, on 28 August 1962, in executive session before the House Armed Services Committee, hearings were held on this bill. During the course of the House hearings Mr. Vinson requested the Agency, as a drafting service, to revise the proposed legislation so that it did not incorporate by reference legislation pertaining to other departments and agencies. Pursuant to his request, such a bill has been drafted by the Agency to accomplish the same objectives as H. R. 12923. A copy of this revised legislation is enclosed.

If further information is desired concerning this proposal, I shall be happy to supply it upon request.

[Signature]
Faithfully yours,

Enclosures - 3

Orig & 1 - Addressee - hand carry
by Legislative Counsel

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Marshall S. Carter
Lieutenant General, USA
Acting Director

Note: Enclosures only w/ orig to Sen. Hayden B01676R002800260009-7 (31 Aug 62)
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62-6420

Honorable Richard B. Russell
 Chairman
 Committee on Armed Services
 United States Senate
 Washington 25, D. C.

Dear Senator Russell:

On 14 August 1962, Mr. McCone forwarded to the Congress draft legislation relating to an improved retirement program for certain limited numbers of Agency employees. Since that time, the House Armed Services Committee held hearings in executive session on 28 August 1962 to consider H. R. 12923 which Mr. Vinson had introduced subsequent to our referral of the proposed legislation.

During the course of the House hearings, Mr. Vinson requested the Agency, as a drafting service, to revise the proposed legislation so that it did not incorporate by reference legislation pertaining to other departments and agencies. Pursuant to his request, such a bill has been drafted by the Agency to accomplish the same objectives as H. R. 12923. For your information, a copy of this revised legislation is enclosed.

If the Agency can be of any assistance in your review of this proposed legislation I am available to meet with you at any time. If you prefer, our representatives will be glad to consult with the Committee staff to assist in any way possible.

Faithfully yours,

Marshall S. Carter
 Lieutenant General, USA
 Acting Director

(Excluded from automatic (3) and (4) processing)

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Honorable Carl Vinson
Chairman
Committee on Armed Services
House of Representatives
Washington 25, D. C.

Dear Mr. Vinson:

I appreciated the opportunity last Tuesday to present to you and the members of the Armed Services Committee our explanation of H. R. 12923 and the reasons we believe such legislation is essential and urgent. Acting on your request at the hearing, we have redrafted H. R. 12923 so that the bill stands on its own without reference to statutes or retirement systems of other agencies.

The draft which is enclosed substantially provides for, in specific language, the objectives which were intended to be accomplished by H. R. 12923. In order to provide for a retirement system which would stand on its own merits, it necessarily required a somewhat longer bill with detailed provisions. [] is available to review these details with Mr. Smart or with you and other members of the Committee. Also, I am available at any time to appear again on our proposal before either the full Committee or the CIA Subcommittee, as you deem best.

Again let me express my appreciation for your courtesy and cooperation.

Faithfully yours,

Marshall S. Carter
Lieutenant General, USA
Acting Director

Enclosure

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A B I L L

To amend the Central Intelligence Agency Act of 1949, as amended, and
for other purposes.

Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled, That this Act may be
cited as the "Central Intelligence Agency Act Amendments of 1962."

Sec. 2. The Central Intelligence Agency Act of 1949, as amended
(50 U.S.C. 403(a) et seq.), is further amended as follows:

(1) In section 4 add the following new paragraphs (1)(G) and (1)(H), and
(8):

"(1)(G) Pay the travel expenses of officers and employees of the
Agency and members of their families, while serving at posts specifically
designated by the Director for purposes of this paragraph, for rest and
recuperation to other locations abroad having different environmental
conditions than those at the post at which such officers and employees
are serving, provided that such travel expenses shall be limited to the
cost for each officer or employee and members of his family of one round
trip during any continuous two-year tour unbroken by home leave and two
round trips during any continuous three-year tour unbroken by home leave."
"(1)(H) Pay the travel expenses of members of the family
accompanying, preceding, or following an officer or employee if, while

he is enroute to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty;"

"(8) Provide appropriate orientation and language training to members of family of officers and employees of the Agency in anticipation of the assignment abroad of such officers and employees, or while abroad."

"(2) Amend section 4 (3) (A) to read as follows:

"(3) (A) Order to any of the several States of the United States of America (including the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States) on statutory leave of absence each officer or employee of the Agency who was a resident of the United States (as described above) at the time of employment, upon completion of three years' continuous service abroad or as soon as possible thereafter and may so order after completion of eighteen months such service."

"(3) Amend section 4 (5) by striking out subsections (A) and (C) and inserting in lieu thereof the following new paragraphs (A) and (C):

"(A) In the event an officer or employee of the Agency or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while on assignment abroad in a locality where there is no qualified person or facility to provide

such care, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained and on his recovery pay for the travel expenses of his return to his post of duty. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Director may also pay the round-trip expenses of an attendant or attendants."

"(C) (i) In the event of illness or injury requiring hospitalization or similar treatment of an officer or employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, pay for the cost of treatment of such illness or injury.

"(ii) In the event a dependent of an officer or employee of the Agency who is stationed abroad, incurs an illness or injury while such dependent is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, pay for that portion of the cost of treatment of each such illness or injury that exceeds \$35 up to a maximum limitation of one hundred and twenty days of treatment for each such illness or injury, except that such maximum limitation shall not apply whenever the Director, on the basis of

professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad."

(4) In section 5, add the following new paragraphs (g) and (h):

"(g) Where an officer or employee of another Government agency transfers with the consent of such agency and is appointed to a position in the Agency, such an officer or employee shall be entitled upon separation from the Agency, to reinstatement to the position occupied at the time of appointment or to a position of comparable salary in such other Government agency."

"(h) Paragraph (4) of section 104 (a) of the Internal Revenue Code of 1954 (26 U.S.C. 104 (a))(4) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021), or as a disability annuity payable under Title II of the Central Intelligence Agency Act of 1949, as amended (50 U.S.C. 403 (a) et seq.).

Sec. 3. Insert the heading "TITLE I -- Definitions and General Authorities" before the section title, "Definitions," of section 1 of the Central Intelligence Agency Act of 1949, as amended.

Sec. 4. The Central Intelligence Agency Act of 1949, as amended, is further amended by the addition of TITLE II as follows:

" TITLE II -- THE CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY
SYSTEM

"Part A -- Establishment of System

"Rules and Regulations

"Sec. 201. (a) The Director may prescribe rules and regulations for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System, referred to hereafter as the System.

"(b) The Director shall administer the System in accordance with such rules and regulations and with the principles established by this Act.

"Maintenance of Fund

"Sec. 202. The Secretary of the Treasury shall maintain the special fund, known as the Central Intelligence Agency Retirement and Disability Fund, referred to hereafter as the Fund.

"Participants

"Sec. 203. The Director may designate from time to time such Agency officers and employees, hereafter referred to as Participants, who shall be entitled to the benefits of the System.

"Annuitants

"Sec. 204. (a) Annuitants shall be persons who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act.

"(b) When used in this title the term --

"(1) "Widow" means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(2) "Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

"(3) "Child" means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant.

"Part B - Compulsory Contributions

"Sec. 211. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund, shall be deposited by the Central Intelligence Agency in the Treasury of the United States to the credit of the Fund.

"(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

"Part C -- Computation of Annuities

"Sec. 221. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 251 and 252. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

"(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 50 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2 1/2 per centum of any amount up to \$2,400 he specifies as the base for the survivor benefit plus 10 per centum of any amount over \$2,400 so specified.

"(c) (1) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children.

"(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,160 divided by the number of children.

"(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

"(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated

upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reasons of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

"(f) At the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Director. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Director. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

"Part D -- Benefits Accruing to Certain Participants

"Retirement for Disability or Incapacity --

Physical Examination -- Recovery

"Sec. 231. (a) Any participant who has five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with provisions of section 251 or 252(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Director, be retired on an annuity computed as prescribed in section 221. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his grade in the Agency.

"(b) In each case, the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Director to conduct examinations, and disability shall be determined by the Director on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his grade

in the Agency. If the Director determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Agency within one year from the date his recovery is determined. Upon application the Director may reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Director may, taking into consideration the age, qualifications, and experience of such annuitant, and the present class of his contemporaries in the Agency, appoint him to a grade higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Agency, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Agency, he shall be considered to have been separated within the meaning of section 234 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section

241(a) except that he may elect voluntary retirement in accordance with the provisions of section 233 if he can qualify under its provisions.

"(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

"(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be effected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall

(1) refund to the Department of Labor the amount representing such

computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

"Death in Service

" Sec. 232. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 241 (a) and 281 (a), shall be paid in the order of precedence shown in section 241 (b).

" (b) If a participant, who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a) (2), dies before separation or retirement from the Agency and is survived by a widow or a dependent widower, as defined in section 204, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 221 (a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

"(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a) (2), dies before separation or retirement from the Agency and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the

provisions of section 221(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section 221(e). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

"(d) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a)(2), dies before separation or retirement from the Agency and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 221(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 221(e). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

"(e) If, at the time of his or her death, the participant had less than twenty years of service credit toward retirement under the System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 221 on the assumption he or she has had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision

shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her grade in the Agency. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death.

"Voluntary Retirement

"Sec. 233. Any participant in the Central Intelligence Agency Retirement and Disability System who is at least fifty years of age and has rendered twenty years of service may on his own application and with the consent of the Director be retired from the Agency and receive benefits in accordance with the provisions of section 221.

"Discontinued Service Retirement

"Sec. 234. (a) Any participant who separates from the Agency after obtaining at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a) (2), may, upon separation from the Agency or at any time prior to becoming eligible for an annuity, elect to have his contributions to the Fund returned to him in accordance with the provisions of section 241, or (except in cases where the Director determines that separation was based in whole or in part on the ground of disloyalty to the United States) to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 221, commencing at the age of sixty years.

"(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty dies before reaching the age of sixty his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 241 and 281.

"(c) The Director may in his discretion retire participants in Grade GS-14 and above to promote the efficiency of the Agency and they shall receive retirement benefits in accordance with the provisions of section 221.

"(d) The Director may in his discretion retire participants in Grade GS-13 and below to promote the efficiency of the Agency and each such officer shall receive--

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Central Intelligence Agency Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: Provided, That in special cases, the Director may in his discretion accelerate or combine the installments; and

"(2) a refund of the contributions made to the Central Intelligence Agency Retirement and Disability Fund, with interest as provided in section 241 (a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Central Intelligence Agency Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252 (a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 221. In the event that an officer who was separated from Grade GS-13 or GS-12 and who has elected to receive retirement benefits dies

before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 232. In the event that an officer who was separated from Grade GS-11 or below and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Central Intelligence Agency Retirement and Disability Fund, with interest as provided in section 241(a), shall be paid in accordance with the provisions of section 241 (b).

"(e) Notwithstanding the provisions of section 3477 of the Revised Statutes, as amended (31 U.S.C. 203) or the provisions of any other law, an Agency officer who is retired in accordance with the provisions of section 234 (d) shall have the right to assign to any person or corporation the whole or any part of the benefits receivable by him pursuant to paragraph (d) (1) of this section. Any such assignment shall be on a form approved by the Secretary of the Treasury and a copy thereof shall be deposited with the Secretary of the Treasury by the officer executing the assignment.

"Mandatory Retirement for Age

"Sec. 235. (a) Any participant in the System in Grade GS-18 or above, shall upon reaching the age of sixty-five, be retired from the Agency and receive retirement benefits in accordance with the provisions of section 221, but whenever the Director shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years.

"(b) Any participant in the System, other than in Grade GS-18 or above, shall upon reaching the age of sixty, be retired from the Agency and receive retirement benefits in accordance with the provisions of section 221, but whenever the Director shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years.

"Part E -- Disposition of Contributions and Interest in Excess of

Benefits Received

"Sec. 241. (a) Whenever a participant becomes separated from the Agency without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum, compounded annually as of December 31, and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 281, shall be returned to him.

"(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 281, with interest at 4 per centum per annum compounded annually as is provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, accumulated at the same rate of interest up to the date the annuity payments cease under the terms of the annuity, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

- "(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Director;
 - "(2) If there be no such beneficiary, to the surviving wife or husband of such participant;
 - "(3) If none of the above, to the child or children of such participant, and descendants of deceased children by representation;
 - "(4) If none of the above, to the parents of such participant or the survivor of them;
 - "(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;
 - "(6) If none of the above, to other next of kin of such participant as may be determined by the Director in his judgment to be legally entitled thereto.
- "(c) No payment shall be made pursuant to paragraph (b) (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

"Part F -- Period for Service for Annuities

"Computation of Length of Service

"Sec. 251. For the purposes of this title, the period of service of a participant shall be computed from the date he becomes a participant under the provisions of this Act, but all periods of separation from the Agency and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

"Prior Service Credit

"Sec. 252. (a) A participant may, subject to the provisions of this section, include in his period of service --

"(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

"(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

"(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a) (1) of this section by making a special contribution to the Fund equal to 5 per centum of his basic annual salary for each year of service for which credit is sought prior to November 8, 1960, and at 6 1/2 per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Director, pay such special contributions in installments.

"(c)(1) If an officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed

to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System.

"(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by section 211 of this Act for contributions to the Fund.

"(3) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall receive credit for periods of service for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section.

"(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity

under another retirement system covering civilian personnel of the Government.

"(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a) (2) of this section by applying for it to the Director prior to retirement or separation from the Agency. However, in the case of a participant who is eligible for and received retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a) (2) of this section.

"Credit for Service While on Military Leave

"Sec. 254. Contributions shall not be required covering periods of leave of absence from the Agency granted a participant while performing active military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

" Part I -- Voluntary Contributions

" Sec. 281. (a) Any participant may, at his option and under such regulations as may be prescribed by the Director, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be --

" (1) returned to him in lump sum; or
" (2) used to purchase an additional life annuity; or
" (3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary whose name shall be notified in writing to the Director by the participant; or
" (4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Director by the participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in paragraph 3.

" (b) The benefits provided by subparagraphs 2, 3, or 4 of paragraph (a) of this section shall be actuarially equivalent in value to the payment provided for by paragraph (a) (1) of this section and shall be calculated

"Part G -- Moneys

" Estimate of Appropriations Needed

"Sec. 261. The Secretary of the Treasury shall prepare the estimates of the annual appropriations required to be made to the Fund, and shall make actuarial valuations of such funds at intervals of five years, or oftener if deemed necessary by him. The Director may expend from money to the credit of the Fund an amount not exceeding \$5,000 per annum for the incidental expenses necessary in administering the provisions of this title, including actuarial advice.

" Investment of Moneys in the Fund

"Sec. 262. The Secretary of the Treasury shall invest from time to time in interest-bearing securities of the United States such portions of the Fund as in his judgment may not be immediately required for the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such Fund.

" Attachment of Moneys

"Sec. 263. None of the moneys mentioned in this title shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 234 (e).

"Part H -- Annuitants Recalled, Reinstated or Reappointed in
the Service or Reemployment in the Government

"Recall

"Sec. 271. (a) The Director may recall any annuitant to duty in the Agency whenever he shall determine such recall is in the public interest.

"(b) Any annuitant recalled to duty in the Agency or reinstated or reappointed in accordance with the provisions of section 231 (b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the grade in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 211. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 221.

"Reemployment Compensation

"Sec. 272. (a) Notwithstanding any other provision of law, any officer or employee of the Agency, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive on the date of his retirement from the Agency. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits thereunder.

"(b) When any such retired officer or employee of the Agency is reemployed, the employer shall send a notice to the Central Intelligence Agency of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

"(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title.

"Reemployment

"Sec. 273. Notwithstanding the provisions of title 5, United States Code, section 62, and title 5, United States Code, section 715a, an Agency officer or employee heretofore or hereafter retired under the provisions of this Act shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

upon such tables of mortality as may be from time to time prescribed for this purpose by the Secretary of the Treasury.

"(c) In case a participant shall become separated from the Agency for any reason except retirement on an annuity, the amount of any additional deposits with interest at 3 per centum per annum, compounded as is provided in paragraph (a) of this section, made by him under the provisions of this paragraph shall be refunded in the manner provided in section 241 for the return of contributions and interest in the case of death or separation from the Agency.

"(d) Any benefits payable to an officer or to his beneficiary in respect to the additional deposits provided under this paragraph shall be in addition to the benefits otherwise provided under this title."

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62-6233

24 August 1962

Honorable Peter Frelinghuysen, Jr.
House of Representatives
Washington 25, D. C.

Dear Peter:

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STATINTL

This is in regard to your call last month concerning [redacted] I talked to [redacted] shortly after your call and found out that he was concerned about his future assignment. Our Personnel Office reviewed other opportunities in the Agency, but in the meantime his own office came up with a new assignment which apparently he likes. I think it is all settled and that he is happy. Thanks a lot for calling it to my attention.

With best wishes as always.

Sincerely yours,

(signed) Lyman B. Kirkpatrick

Lyman B. Kirkpatrick
Executive Director

LBK/kg

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